

**Testimony Regarding
HB 5130, An Act Concerning Student Loan Forgiveness For Nonprofit Employees
Higher Education and Employment Advancement Committee
February 22, 2022**

Greetings Senator Slap, Representative Elliot, and all other distinguished members of the Committee. My name is Celina Fernández-Ayala and I am an MSW Community Organizing student at the School of Social Work. I have only worked at nonprofits since earning my B.A., including my current part-time position as a Community Organizing Fellow.

Today, I urge your support for HB 5130.

I do not have any student debt, and I would not have been able to pay any of it on my non-profit wages. To keep a very long story short, my grandparents own an apartment building in Los Angeles, and they insisted on paying my undergrad expenses. My grandmother made this demand (not request) because she refused to let me graduate with student debt. This kind of intergenerational wealth is rare, especially for Brown folks like myself. The racialized wealth gap means that Black and Brown students are more likely to rely on student loans to finance their education. According to Canchola & Frontman (2016), “Federal government data shows that over 90 percent of African-American and 72 percent of Latino students leave college with student loan debt, compared to 66 percent of white students.” Upon graduation, Black students owe an average of \$7,400 more than their white peers (Scott-Clayton & Li, 2016, p. 2). The racialized debt disparities increase four years after graduation, with Black borrowers “owing nearly \$53,000 in student loan debt - twice the debt of their white counterparts” (Watkins, 2019).

My non-profit wages would have never been enough to pay off any loans. In my first job as a case manager, I received \$500 per week. The first week’s check paid my health insurance. The second week’s check went to my car payment and car insurance. Every week I paid for therapy. The rest of my money paid for gas, medications, and other necessary expenses. One summer, we all had to reduce our hours and my colleagues with student loans regularly panicked about making their payment. Unfortunately, I was soon laid off due to budgetary reasons. I started my second non-profit job last year and made even less money. My education did not translate to economic mobility, which is typical for Black women and Latinas. For every dollar earned by white men, Black women earn 63 cents, and Latinas earn 55 cents (Thomas & Brown-Philpot, 2021). Black and Brown households take out more loans and but make less money. The racialized disparities around loans, employment, and wages create a more intense crisis for Black households. Over 20 years, the median white borrower has paid off 94 percent of their cumulative borrowing total, whereas the median Black borrower still owes 95 percent of their cumulative borrowing total. (Sullivan et. al., 2019, p. 4).

A loan reimbursement program is certainly a step in the right direction, but The data indicates the importance of racially equitable loan forgiveness. Black, Brown, Brown and Indigenous non-profit employees should be awarded \$8,000 for each year of employment with a nonprofit organization in the state.

Thank you for your time and consideration today.

References

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